



Annual Report 2021





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CHAIR AND CEO MESSAGE

“We’ve had some massive challenges, because COVID-19 has made the business environment so much more difficult, but overall we’ve had an outstanding year.”

**Brian Nowell,
Board Chair.**



Continuing to achieve a strong result despite disruption in 2021 has enabled us to assist others

At the core of Skills Consulting Group is our focus on growing people and supporting our industries. This year, our strong strategy and ongoing stability, positioned us to assist, support and upskill more people than ever in a time marked by change, uncertainty and disruption.

We began 2021 by launching Skills Consulting Group as a brand. It’s gained visibility and market recognition across the year, reaching over 3.2 million people via the TV campaign ‘Made By People’ alone.

This growth in visibility has been underpinned by strong results across all of our businesses.

A strong building sector coupled with the Government’s apprentice boost, the Targeted Training and Apprenticeship Fund (TTAF), and New Zealand’s recovery from COVID-19, has seen our formal training sign-ups go “through the roof”.

Two new acquisitions, SoftEd and Ignite, are well-placed to help New Zealand’s firms adjust their skillsets to the reality of post-pandemic workplaces.



“The year has been a testing combination of high volumes and continuous change.”

**Garry Fissenden,
Chief Executive Officer.**

Our Wellbeing business unit has contributed to supporting New Zealanders’ mental resilience through COVID-19. Its Instep EAP service has helped over 26,000 families this year. We’re also continuing to advocate for the wellbeing of Kiwi workers through our research-based Work Wellbeing Index reports.

This formal support was supplemented by the Skills Foundation’s charitable initiatives. Key Foundation projects for 2021 included helping the Manurewa Methodist church rebuild after a fire and sending emergency supplies to victims of the Tongan tsunami.

It wasn’t just our help that extended internationally but our thinking on the future of work. With the APAC TVET Forum in November, we digitally delivered the biggest vocational education summit in New Zealand. In a sparse global events landscape, this Forum brought together 950 attendees from 61 countries to explore the future of TVET.

The six Workforce Development Councils (WDCs) created as part of the Reform of Vocational Education (RoVE) transition commenced in 2021. Planning for our formal transition plan happened in 2021 and was approved in early 2022. Retaining board stability for the last four years has enabled us to guide this transformation smoothly, and in 2021 we carried out significant stakeholder engagement to figure out what our plan should look like.

As the shape of vocational education in New Zealand evolves, we remain committed to supporting our members, and will sit behind them to help support their navigation of the new system as it comes online.

Finally, we’d like to say ‘Thank you’ to the staff across all our Skills Consulting Group businesses. We know this year has been tough for some, and we’re grateful for the efforts of all.

In the year to come, we’ll continue to examine opportunities to increase our revenue base which are aligned to our current activities. We know that when businesses put their people first by training upskilling and wellbeing, their business thrives and survives. And we are here to be part of that New Zealand.



FORMAL TRAINING

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Ignite Colleges	9

Lance Riesterer,
General Manager of
Training & SME

Rosanne Graham,
Ignite chair and Skills
Consulting Group Acting
General Manager Training

HOW WE PERFORMED IN 2021

Real Estate

This year turned out to be the best for Real Estate that Skills has experienced since acquiring coverage for the industry 10 years ago. The escalating housing market, COVID-19, lockdowns and the downturn in many industries meant that record numbers of people flocked to Real Estate.

New trainees are 12% up on our record-breaking 2020 numbers. Skills has invested into the Salesperson Level 4 programme delivery and assessment resources, meaning trainees received feedback on their assessments more quickly and overall costs were reduced. We are currently revamping the Residential Property Management programme along the same lines to improve assessment turnaround times.



E-tec

E-tec had a record 2021. The team achieved their best-ever turnover figures despite significant COVID-19 lockdowns in Auckland. E-tec has embraced virtual delivery of training, and trainees can enrol in both face-to-face and virtual classes - often using the same tutor.

The continual innovation that E-tec brings to traditional training is well accepted by their trainees, winning them a Net Promoter Score (NPS) of +64 during 2021. E-tec successfully tendered for the Royal New Zealand Navy contract which sees tutors based at Devonport and delivering niche training for their staff. E-tec has explored running a face-to-face course in Otaki and, if it was not for the COVID-19 lockdown, would have held their first course outside of Auckland.

Ignite Colleges

In 2021, Skills Consulting Group started the process of developing a strong PTE-based training business. That culminated in acquiring Ignite Colleges in January 2022. SCG intends to add to the programmes offered by Ignite and grow the PTE business to provide national coverage over time.

The training business will focus on delivering the best qualifications through face-to-face training and workplace training. This means SCG can offer learning opportunities throughout learners' studying and working lives.

Who is Ignite Colleges?

Ignite is a high-quality tertiary college delivering training that's practical, industry-relevant and focused on employment. It has a strong reputation for providing excellent employment outcomes as it offers programmes targeted at industries with high employment demand. These include:

- Healthcare
- Early childhood education
- Freight and logistics,
- Cookery
- Hospitality
- Police and defence force preparation
- Security and
- English with digital literacy.

All courses are accredited by the New Zealand Qualifications Authority (NZQA) and taught by industry experts. Ignite has the highest possible quality rating from NZQA.

What sets Ignite apart is the personal touch it offers to all students. The team know everyone by name and understands their hopes and dreams for the future. Ignite is committed to and motivated by supporting students to achieve their goals.





INFORMAL TRAINING

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Lance Riesterer,
General Manager of
Training & SME

Andrew Smith,
General Manager SoftEd

David Forman

In 2021 Skills Consulting Group acquired more knowledge about David Forman as a business and gained a better understanding of the value it adds to the marketplace. We continued to invest in inducting and training additional course facilitators to mitigate the risk of relying on specific individuals or having insufficient resource to meet course demands. Because all David Forman courses have been traditionally delivered in a face-to-face environment, the COVID-19 lockdown impacted on overall turnover. Work has been completed to get the main David Forman courses transitioned into a virtual delivery environment, with pilot courses scheduled for the first quarter of 2022.

IMNZ

COVID-19 and lockdowns continued to play havoc with the delivery of the IMNZ courses in 2021. Many face-to-face courses were either cancelled or postponed (some several times). This disruption impacted on both public and in-house courses. Although the main IMNZ courses have an online delivery option available, we decided that if we converted this into a virtual delivery model it would attract more participants. A virtual delivery of IMNZ courses would also allow us to increase our reach for new trainees and reduce course delivery costs.

SoftEd

Our informal training division grew significantly in 2021 with the acquisition of SoftEd. Training in topics primarily related to Business Agility and distributed across four regions, its geographic dispersion and online-first delivery of courses has insulated it from serious COVID-19 shocks in the New Zealand lockdown period.

In 2022 we expect SoftEd to grow across all regions. We plan to push harder in the US with the help of an NZTE grant and rebound other regions to pre-pandemic performance levels. By late 2022 we expect to have planned an additional location in the UK or Europe to launch in 2023. Other strategies include new product development and new certification partnerships to ensure we remain relevant with large-scale corporate and government customers.

Not only is SoftEd growing post-pandemic as Business Agility becomes even more important, it is also providing a point of leverage into new markets for SCG's other training products and our Wellness and Consulting services. New staff in Australia will be based out of the SoftEd Brisbane office and will be connected with that existing team.

SoftEd's outlook by territory

- **Australia** is the largest of SoftEd's four markets and is rebounding strongly in both core training products and some new consulting services where demand is growing.
- The **US region** is moving from start-up to a more stable business in what is a fiercely competitive market.
- **New Zealand** has a lot of pent-up demand after restrictions and online courses are filling quickly as customers choose not to wait for in-person classes.
- **Asia** is growing a little slower, but does rely on deeper long-term relationships with local customers.

Who is SoftEd?

SoftEd offers consulting, coaching and training to help businesses build the mindset and practices to create more productive workplaces and more engaged workers. It specialises in new ways of working to support speed of delivery, solution quality and customer satisfaction.

Having been in business for over 30 years, SoftEd has offices in Wellington, Australia, Singapore and the USA. With 22 staff and over 30 contractors, courses are delivered predominantly online across regions and time zones.

SoftEd is targeting corporate and government customers primarily in Agility, as well as roles that support digital change. These include Business Analysis and Testing.

It has deep I.T. industry connections which make it a leading partner of ICAgile and a long-standing partner of PMI, IIBA and ISTQB.





TRANSITIONAL INDUSTRY TRAINING ORGANISATION (TITO)



Transitional Industry Training Organisation (TITO)

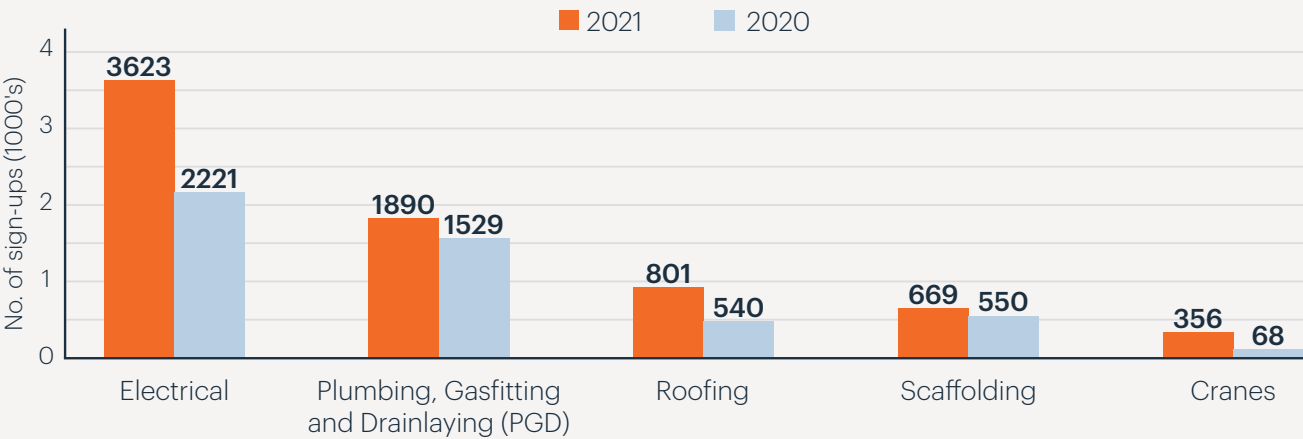
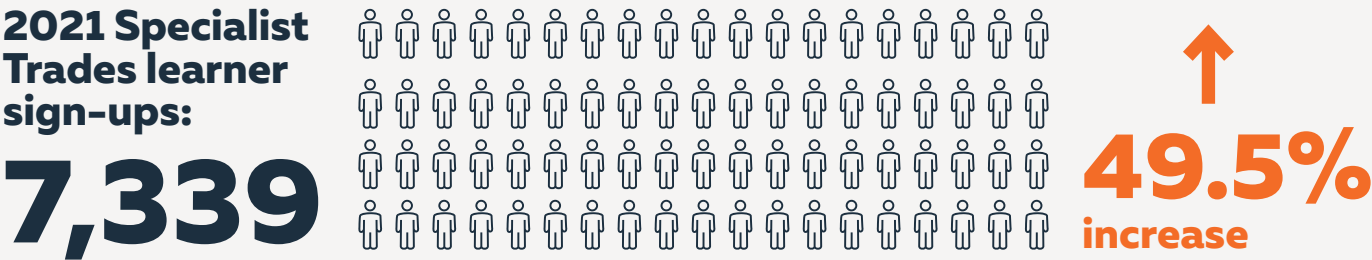
Our State Sector and Local Government team has in 2021 been working with key Government and commercial clients to broaden their knowledge of SCG as part of our transition planning. Clients are now looking at SCG as a 'one stop shop'. This has led to us securing several long-term partnerships post-RoVE. The solutions we can now offer our clients include a full continuum of learning – from formal qualifications to digital badging and micro-credentials.

Our Specialist Trades division has seen 86% retention of learners for 2021 (Skills Org 85%). This retention EPI is significant as the COVID-19 lockdowns have presented a large-scale challenge to our interaction with learners. Associated scheduling changes to our block courses have also interrupted learners' access to this training. Despite a number of national and regional lockdowns, our Account Managers continued to provide virtual pastoral care. In total, the team conducted 45,195 visits, face to face and virtual in 2021.

At the end of 2021 SCG partnered with digital health solution provider WelTel to create a virtual wellbeing solution. Its initial focus will be trades apprentices, some of whom have reported mental distress as a result of COVID-19. Using this solution, we would send them a text message them asking if they are okay, and, dependent on their response, the system will prioritise those who need urgent wellbeing action.

Alexandra Vranyac-Wheeler, General Manager of TITO

Trades training in 2021 by the numbers



Specialist Trades learners retained: **86%**



Apprentice visits completed: **45,195**



Specialist Trades learners achieving 10 credits: **81%**



GLOBAL MARKETS & APAC TVET

| Global markets

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2021 saw the Global Markets team continue to expand Skills Consulting Group's international business entering new markets, partnering with new clients, designing new and innovative solutions to enable skills development and continuing to create better working lives for people around the world.

It has been an exciting year with a number of firsts for the team.

- **Australia** - We successfully entered the Australian market with our consulting offering, securing our first contracts to support several Australian entities as Australia looks to reshape its vocational education landscape.
- **International Qualifications** – We successfully developed our first international and pan-regional qualifications. While we've helped organisations around the world develop national occupational standards in the past, in 2021, we developed qualifications in Climate Change Resilience for The Pacific Community which have been accepted onto the Pacific Qualifications Framework.
- **Aid Agencies** - Another first saw us entering the aid agency space. We secured and delivered our first contract for the United Nations Educational, Scientific and Cultural Organisation (UNESCO), implementing the Vietnamese Qualifications Framework (VQF) and building the capacity of the Vietnam's Higher Education sector to enable the transfer of qualifications and credits across Vietnam and the ASEAN region.
- **Innovative Solutions** - Further demonstrating thought leadership, we worked alongside the Vocational Training Council in Hong Kong to develop a "meister" style qualification for Lifts and Escalator operators. A first for the region, this qualification combined technical skills development with managerial and mentoring skills. This is designed to lift the level of the qualification to that of a Master craftsman, increasing not only the individual's capability but also improving the esteem in which the qualification is held. This has now been accepted onto the Hong Kong Qualifications Framework and will be rolled out to the Greater Bay Area which includes Hong Kong, Macau and nine cities and two special administrative regions in South China.

Alongside this, the Global Markets team have continued to build the brand and international reputation of the Skills Consulting Group using virtual events to bridge the gap while travel remained constrained. For the first year, we launched and ran the Asia Pacific Technical and Vocational Education and Training (APAC TVET) Forum in November, which was attended digitally by 950 people from 61 countries. This is now established as the pre-eminent TVET event for the region and firmly positions SCG as leaders. Read more about APAC TVET on pg 25.

Our partnership with the Ministry of Foreign Affairs and Trade (MFAT) continues to be strong with MFAT renewing the contract for SCG to undertake the selection process for their Manaaki New Zealand Tertiary Scholarships in 2022. And, with the pandemic continuing to prevent scholars from travelling to New Zealand for study, we also transitioned MFAT's short term scholarships programme to an online programme that saw 230 scholars from the Pacific and the Association of Southeast Asia Nations (ASEAN) complete study remotely, and with the level of pastoral care provided recognised at Ministerial level internationally.

We topped off the year by winning the Hong Kong New Zealand Business Association's Special Achievement Award for our successful launch of Skills Asia. This international expansion has seen us continue to expand and cement our relationships in the region, positioning us for a strong entry into 2022.



Bridget Dennis,
Senior Vice President
Global Markets

Highlights from APAC TVET

We presented the inaugural APAC TVET Forum as a state-of-the-art immersive virtual conference in November. Partnering with Education New Zealand and Te Pūkenga, we produced and promoted this digital event with the aim of helping people and businesses thrive through collaboration.

4 DAYS
of event across
one week

8 MCs/
MODERATORS

40+
SPEAKERS

including the Hon.
Chris Hipkins, Minister of
Education and Stephen
Town, Chief Executive
Officer of Te Pūkenga.

**Virtual farm tour
and wine-tasting
experiences delivered
by experts**

950
Attendees
61
Countries




STRATEGY AND PEOPLE

| New GM of Strategy and People 29

CONSULTING

| New GM of Consulting 31



Nicky Jones joined Skills Consulting Group as General Manager, Strategy and People in mid-2021. She brings 20 years' experience in organisational development and performance, working across both the public and private sectors. Deeply interested in the future of work, Nicky is an expert in strategy design and implementation; future-focused workforces, and talent management.

Q: Tell us about the future you're building through Skills Consulting Group's Strategy and People division.

A: Skills Consulting Group has a great opportunity to impact the productivity and wellbeing of New Zealand, and the world, through the broad set of products and services we offer. We have grown at a rapid pace, through development and acquisition, and I see our next opportunity is to take the best of all of our offerings and refine this into a unique value proposition supporting individuals and business to thrive.

Q: What's the most valuable piece of wisdom you've picked up so far?

A: One of my favourite mottos at the moment is "Just because you can, doesn't mean you should." To me this is about being deliberate in where you focus your resources. There are a number of things we could do, however our value will come from selecting the right opportunities and investing in their success.

Q: If you could be granted one wish for 2022, what would it be?

A: The next year is going to be a challenging one for SCG, with significant change ahead. My wish is that we come through the end of it knowing that we have done well by our learners, our industries, our customers and most importantly our people, and are excited to take on the new challenges ahead.

Nicky Jones,
General Manager of
Strategy and People

A portrait of Gwyn Thomas, a middle-aged man with short, spiky grey hair, smiling at the camera. He is wearing a blue and white patterned button-down shirt over a red and white patterned shirt. He has his arms crossed and is standing in front of a light-colored wooden slat wall.

Gwyn Thomas, General Manager of Consulting

Gwyn Thomas joined Skills Consulting Group in late 2021 as General Manager Consulting. He leads the consulting practice to provide a suite of services supporting clients across the corporate, industry-specific, SME, and public sector markets.

With extensive commercial experience in growing multi-million-dollar global businesses, Gwyn understands how to leverage opportunity, remove roadblocks and risk, and develop organisations into thriving, productive, and engaged places to work.

Q: What are the values that drive you?

A: Collaboration is an important sentiment. We can't achieve great outcomes in isolation – it has to come from working together. Creativity and innovation are also really strong values of mine. I like to work with people and businesses in a space where we hold the perspective that almost anything is possible.

Q: Can you share a key insight from your journey so far?

A: I spent many years working in Hong Kong, and found a mentor there in an older colleague called William. He and I were having a tough time trying to enter the Chinese market with a new product, and we were running out of traditional ways to achieve this goal.

But William remained confident we would find a solution, and in a whiteboarding session one day, he suggested speaking to a friend. This friend happened to run one of the largest companies in China. Sure enough, the friend leveraged his connections to successfully launch our product.

People sometimes get hung up on tasks which are difficult or form mental blocks around moving forward with something. I like to think of William's mantra: "There is always a way forward."

Q: What do you find most exciting about Skills Consulting Group's Consulting work?

A: There's so much diversity at SCG. That's diversity of who I work with, but also diversity of what I do. Some people find that having a lot of things going on at once wears them out and fatigues them, but I find it deeply energising. I feel lucky, grateful and excited about each workday.



WELLBEING

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“
**Wellbeing is
at the heart of
high-performing
organisations.**

As a global mega-trend, wellbeing continues to be front of mind for businesses and boardrooms as we all navigate upheaval and uncertainty.

Our Work Wellbeing Index research confirms employees are increasingly expecting workplaces to contribute to their happiness and wellbeing. They've been challenging their employers to invest in the health and wellbeing of both staff and customers.

With shifts in sentiment coming thick and fast, the wellbeing services sector is becoming crowded. It's increasingly complex, fragmented and confusing for potential customers. Most organisations understand the need to look after their peoples' wellbeing – however, they may not understand how to do this.

That's where SCG can help.

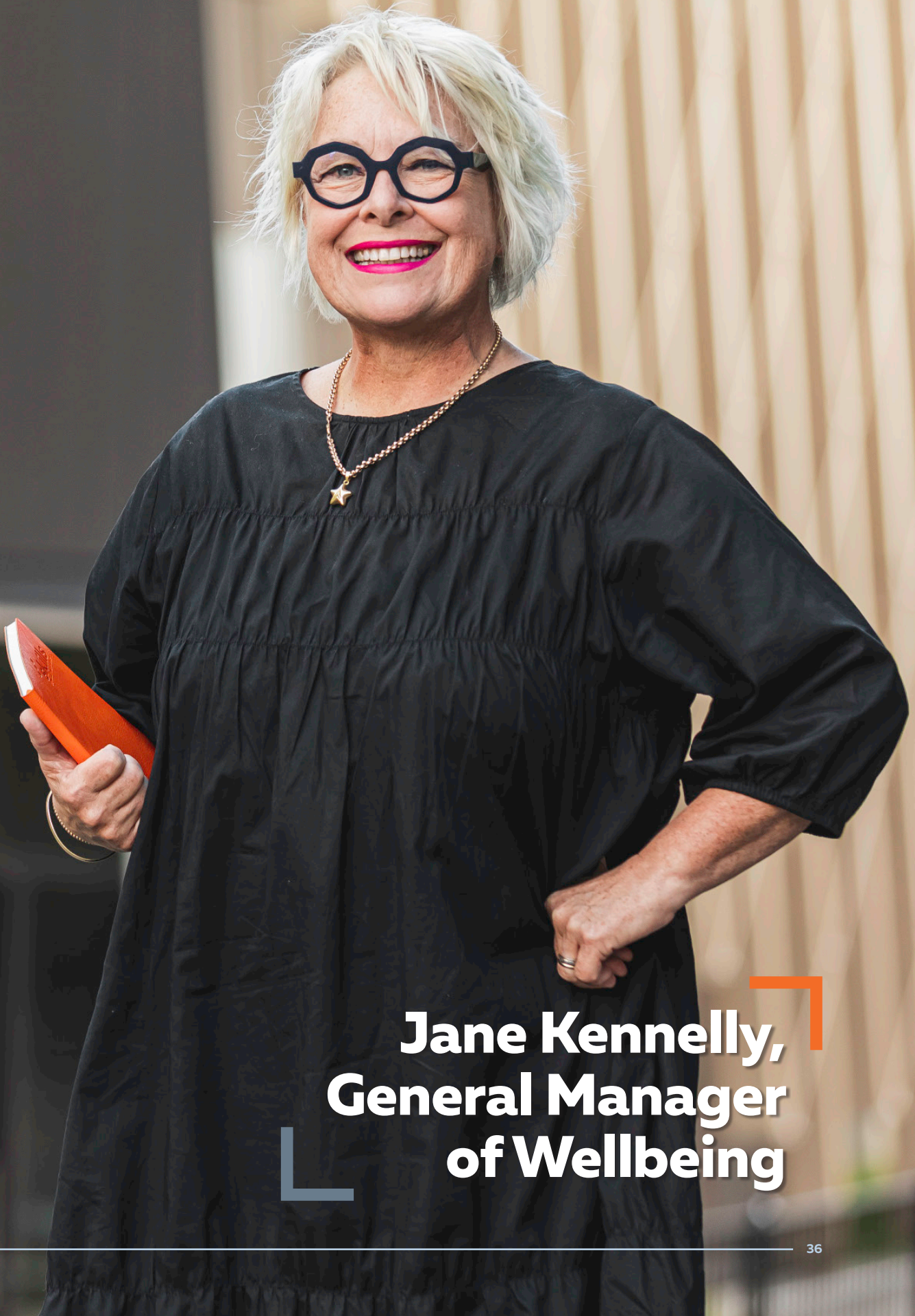
We help businesses understand their role in the wellbeing ecosystem. We define their strategy, design, and launch new high-growth wellbeing products and services, offer data-driven innovation and the capability to monitor progress through the lifecycle of our tailored programmes.

We understand that workplaces require simplified solutions that fulfil their wellbeing goals; be it to keep people safe under the Health and Safety at Work Act (2015) or boost wellbeing to gain a competitive advantage.

This is our strength.

Our programmes and tools and assessments are tailored to 'meet people where they're at', and mobilise them towards wellbeing at work, at home and in their relationships with others.

Our approach helps businesses quickly gain advantage by identifying wellbeing opportunities that unlock business value and increase business performance.

A photograph of Jane Kennelly, a woman with short blonde hair and black-rimmed glasses, smiling. She is wearing a black long-sleeved top and a gold star necklace. She is holding an orange folder in her right hand and has her left hand on her hip. The background is a blurred outdoor setting with a wooden slatted fence.

**Jane Kennelly,
General Manager
of Wellbeing**

Exploring the Work Wellbeing Index

What is the Work Wellbeing Index?

To help us understand the importance of workplace wellbeing in our company and beyond, we commissioned research from TRA over November and December in 2020.

After hearing from nearly 1500 employees and 104 HR managers across 11 industries throughout New Zealand, we have been able to measure workplace wellbeing with our Work Wellbeing Index (WWBI).

We know the key factors that contribute to overall wellbeing in the workplace.

We use these six drivers to develop a wellbeing model.

Through this model we get:

- A single score out of 100. This is calculated through a weighted average of the six drivers.
- The relative weighting of each factor in driving overall wellbeing.
- An understanding of employer performance on the six drivers of overall wellbeing, and where wellbeing can be improved.
- Performance that can be tracked over time.



Enabling care of own wellbeing

The company enables me to care for my own wellbeing



Company genuine care

The company genuinely cares for my wellbeing



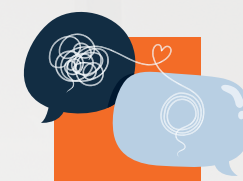
Enabling care of others' wellbeing

The company enables me to care for the wellbeing of others



Structures and programmes

The company has structures and programmes that ensure my wellbeing at work is cared for



Manager genuine care

My manager genuinely cares for my wellbeing



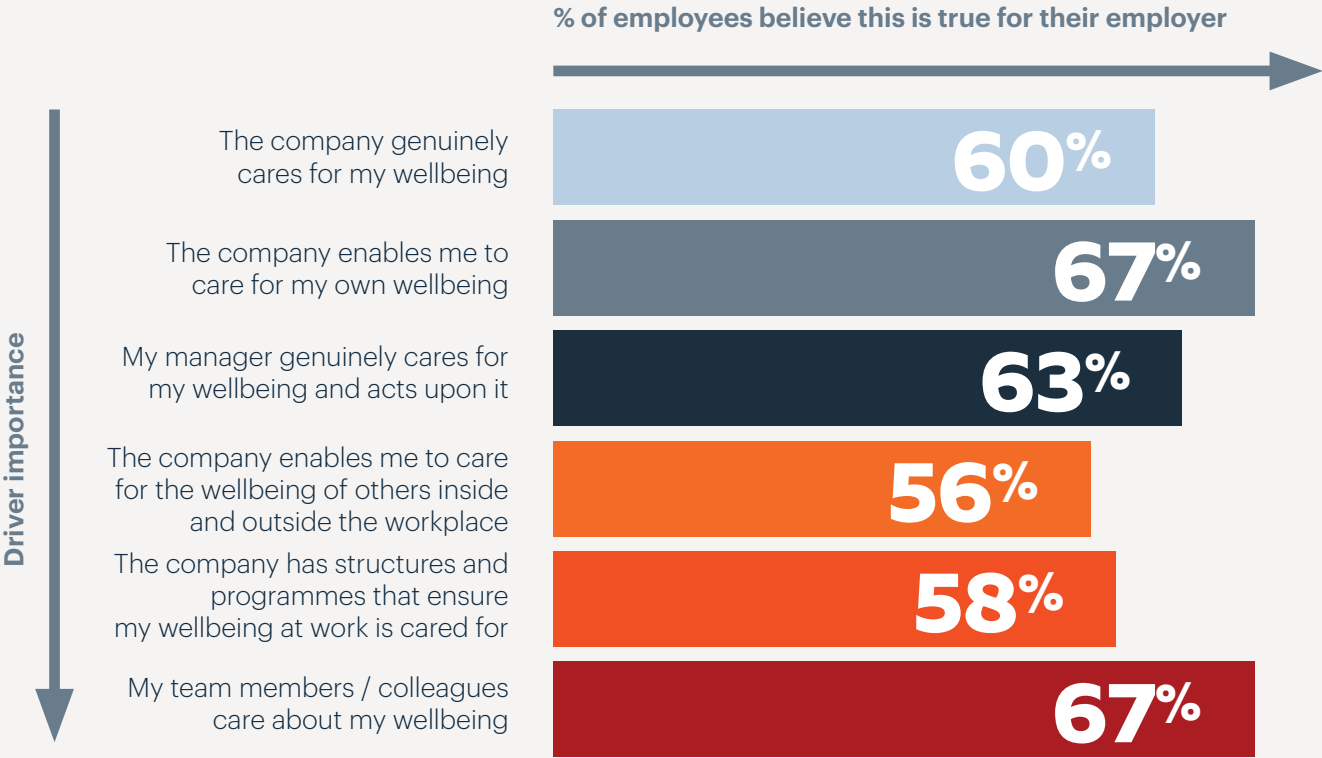
Team members / colleagues care

Team members / colleagues care about my wellbeing



What were the findings?

‘Genuine care’ has the biggest impact on wellbeing compared to the other drivers. It’s also where employees perceive lower levels of performance.



Q. What do you think of the company you work for in terms of Base: Employee Total Sample n=1,446

We gave New Zealand employers an overall wellbeing score of 62 out of 100. Employers are doing reasonably well based on employee perception – but there is room for improvement.

How does this help Skills Consulting Group?

The WWBI grows our brand through thought leadership, which increases our visibility and positions us as experts in wellbeing. It also informs product development, helping us create products which best meet our customers’ wellbeing needs.

Work Wellbeing Index results

Our Work Wellbeing Index campaign reached

1.6 MILLION PEOPLE





The Skills Organisation Incorporated Summary Consolidated

Financial Statements For the Year Ended 31 December 2021

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Summary Consolidated Statement of Comprehensive Revenue and Expense
For the Year Ended 31 December 2021

	2021	2020
	\$'000	\$'000
Revenue		
Revenue from Exchange Transactions		
Government Grants	78,363	55,666
Industry Training Revenue	5,488	6,471
Other Training Revenue	8,647	6,803
Consultancy Revenue	4,118	4,080
Wellness Revenue	2,492	2,702
Interest and Dividend Revenue	659	417
Total Revenue	99,767	76,139
Expenses		
Industry Training Expenses	44,486	39,254
Other Training Expenses	6,326	5,834
Consultancy Expenses	3,329	3,092
Wellness Expenses	2,597	2,328
Other Expenses	28,119	22,038
Total Expenses	84,857	72,546
Surplus/(Loss) for the Year	14,910	3,593
Other Comprehensive Revenue and Expense		
Net Fair Value Gains on Available for Sale Financial Assets	1,970	1,478
Total Other Comprehensive Revenue and Expense	1,970	1,478
Total Comprehensive Revenue and Expense for the Year	16,880	5,071

Summary Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021

	2021	2020
	\$'000	\$'000
Opening Equity	20,369	15,288
Surplus for the Year	14,910	3,593
Other Comprehensive Revenue and Expense	1,970	1,478
Total Comprehensive Revenue and Expense for the Year	37,249	5,071
Foreign Subsidiary Translation	(26)	10
Closing Equity	37,223	20,369
Represented By:		
Retained Earnings	31,616	16,706
Available For Sale Reserve	5,623	3,653
Foreign Currency Translation Reserve	(16)	10
Closing Equity	37,223	20,369

Summary Consolidated Statement of Financial Position
As at 31 December 2021

	2021	2020
	\$'000	\$'000
ASSETS		
Current Assets		
Cash and Cash Equivalents	12,206	3,921
Term Deposits	2,433	3,629
Receivables	5,084	2,468
Total Current Assets	19,723	10,018
Non Current Assets	30,583	21,277
Total Assets	50,306	31,295
LIABILITIES		
Current Liabilities		
Payables	8,754	8,838
Revenue in Advance	1,289	766
Employee Entitlements	2,919	1,145
Total Current Liabilities	12,962	10,749
Non Current Liabilities	121	177
Total Liabilities	13,083	10,926
Net Assets	37,223	20,369
Equity		
Retained Earnings	31,616	16,706
Available for Sale Reserve	5,623	3,653
Foreign Currency Translation Reserve	(16)	10
Total Equity	37,223	20,369

For and on behalf of the Board who authorise the issue of these summary financial statements on 2 May 2022.



Chairman



Chief Executive

Summary Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021

	2021	2020
	\$'000	\$'000
Net Inflow From Operating Activities	16,982	10,068
Net Outflow From Investing Activities	(8,697)	(9,167)
Net Increase In Cash Held	8,285	901
Cash & Cash Equivalents at beginning of the Year	3,921	3,020
Cash & Cash Equivalents at end of the Year	12,206	3,921

Notes to the Summary Consolidated Financial Statements
For the Year Ended 31 December 2021

Corporate Information

The summary financial statements of The Skills Organisation Incorporated (Skills) and its subsidiaries (collectively the Group) were authorised for issue by the Board on 2 May 2022.

Measurement Basis

The functional currency is New Zealand dollars and the summary financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The summary financial statements have been prepared on a historical cost basis, except for available for sale financial assets measured at fair value.

Basis of Preparation

The summary financial statements have been prepared in accordance with PBE FRS 43 – Summary Financial Statements and have been extracted from the audited full consolidated financial statements. The full consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Charities Act 2005. The full consolidated financial statements comply with PBE Standards. The full consolidated financial statements have made an explicit and unreserved statement of compliance with PBE Standards. Certain prior year comparatives have been restated to conform to current year presentation.

Basis of Consolidation

Controlled entities are entities ultimately controlled by the Parent. Control exists when Skills has the power direct the relevant activities of any entity, Skills is exposed to variable benefits from its involvement with these entities and Skills has the ability to affect the nature or amount of those benefits through its power over these entities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions and balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Dividends and other distributions from controlled entities are eliminated upon consolidation of the entities. The full consolidated financial statements were authorised for issue by the Board on 2 May 2022. The full consolidated financial statements have been audited and an unqualified opinion has been issued.

These summary financial statements cannot be expected to provide as complete an understanding as provided by the full consolidated financial statements. Full financial consolidated statements are available on request from The Skills Organisation Incorporated.

Notes to the Summary consolidated financial statements
For the Year Ended 31 December 2021

Software Education Holdings Limited

On 1 September 2021 The Skills Consulting Group Limited purchased the shares in Software Education Holdings Limited (SoftEd). Skills acquired SoftEd for the purpose of entering into the key target technology sector. SoftEd also has strong systems to support our other platform businesses, supports expansion into Australia and the diversification of our revenue streams from government funding.

Assets acquired and liabilities assumed

The fair values of the acquired assets of SoftEd as of the date of acquisition was:

	Fair value at acquisition date
	\$'000
Assets	
Intangible Assets – Intellectual Property	150
Intangible Assets – Software	25
Intangible Assets – Customer Relationships	528
Fixed Assets	54
Total identifiable net assets at fair value	757
Intangible Assets – Goodwill	1,919
Purchase consideration transferred	2,676

Purchase Consideration

The purchase consideration of \$2,676,000 was paid in cash.

Notes to the Summary Consolidated Financial Statements

For the Year Ended 31 December 2021

Events After Balance Date

Impact of Coronavirus (COVID-19)

The Board have assessed the impact of the continuing global COVID-19 pandemic on the going concern assumption. The continued national lockdowns and resulting economic landscape has seen a reduction in demand for some parts of the Group's training business. The impact on the financial performance of the Group has not been material to date. The Board continues to monitor the impact of COVID-19 on the Group and respond accordingly.

Acquisitions post year-end

On 1 January 2022 The Skills Organisation Incorporated purchased 100% of the shares of Ignite Colleges Limited (Ignite). Skills acquired Ignite for the purpose of continuing in education through having a private training establishment (PTE). Ignite is a Tier 1 NZQA approved provider.

Purchase consideration of \$9.3M was paid, the acquisition was financed using \$6.3M cash and a \$3M bank loan repayable over two years. The Group has, using the information made available at the date of these financial statements, conducted a preliminary assessment of the fair value of the separable and identifiable assets at acquisition date. The deemed fair value of the assets acquired at acquisition date are \$800k of Fixed Assets and \$8.5m of Intangible Assets (including Goodwill).

On 29 April 2022, The Skills Organisation Incorporated purchased 100% of the shares of Premier Institute of Education Limited. Skills acquired Premier to add hair and beauty capability and capacity to the PTE network for Skills. Purchase consideration of \$2.3M was paid.

Impact of Review of Vocational Education

The Education (Vocational Education and Training Reform) Amendment Bill came into force on 1 April 2020 and meant The Skills Organisation Incorporated became a TITO (Transitional Industry Training Organisation). The purpose of the Act, amongst other things, is to fully transition the role of Industry Training Organisations and in particular their standard setting role to Workforce Development Councils (WDCs), and the arranging of training to the training provider sector. The WDCs were setup on 4 October 2021 and the standard setting role moved to the WDCs.

The focus is now on the transition of the arranging training function and a detailed transition plan for the TITO business of Skills has been approved by the Tertiary Education Commission on 24 February 2022. This transition plan highlights the current industries served by the TITO being split into 7 different receiving organisations. Transfer agreements are currently in draft to move these industries and associated arranging training functions on various dates being 1 August 2022, 1 September 2022 and 1 October 2022. As at 1 October 2022 The Skills Organisation Incorporated will no longer be a TITO.

The Board has had a strategy that has reduced financial reliance on the TITO over the last few years. This has been accelerated in the last couple of years. The strategy highlights the organisation continuing to support education through training, consulting, wellbeing and other support solutions.

Our strategy and forecasts have allowed the Board to assess and ensure that we remain viable and profitable and able to support and grow our members.

There were no other subsequent events requiring disclosure in the financial statements.



Independent auditor's report to the Members of The Skills Organisation

Incorporated Report on the Summary Financial Statements

Opinion

The summary financial statements on pages 43 to 47, which comprise the summary consolidated statement of financial position as at 31 December 2021, the summary consolidated statement of comprehensive revenue and expense, summary consolidated statement of changes in equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of The Skills Organisation Incorporated ("the Entity") and its subsidiaries (together "the Group") for the year ended 31 December 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 4 May 2022.

Directors Responsibilities for the Summary Financial Statements

The Directors are responsible on behalf of the entity for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised): Engagements to Report on Summary Financial Statements.

Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Chartered Accountants
Auckland
4 May 2022

Our Board



Brian Nowell, Chairman of the Board

Brian has extensive experience in driving the growth and development of corporations across several industries. He specialises in facilitating the skills on offer within a group to develop its collective wisdom and to apply this to the organisation's benefit.



Ian Butturini, Deputy Chair

Ian possesses a real passion for industry training. His career has seen him not only start a successful company but also train more than 100 apprentices over 25 years. As a Chartered Director with the IOD, Ian has the proven experience to continue to support the Skills Board in its ongoing growth and performance across all industry sectors.



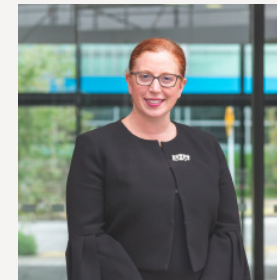
Rod De Spong, Chief Operating Officer, Douglas Pharmaceuticals Ltd

Rod is the Chief Operating Officer of Douglas Pharmaceuticals Limited. Starting out as a plumber and gasfitter, Rod retrained after gaining his Craftsman Licenses. He has gone on to hold a number of varied roles including VP for Corporate Development for Raffles Holdings Ltd and Finance Director for both ARC and Ernst & Young. Rod is a member of the Finance and Audit Committee, a member of both the Skills International and Shift Boards, and a past Deputy Chair of Skills.



Shenagh Gleisner, Independent Consultant

Shenagh has a diverse background that has covered roles such as being a KPMG Director, a senior manager in a Crown Entity, CEO for the Ministry of Women's Affairs, acting CEO for Child Youth and Family Services, and many more. Her expertise lies primarily in change leadership, governance, government relationships, public sector management, review and evaluation, and strategic planning.



Cassandra Crowley, Independent Advisor & Director

A Barrister & Solicitor and Chartered Accountant, Cassandra's corporate and governance career has seen her work across a number of sectors including tourism, financial services, agriculture, retail, government, IT, horticulture, education, membership organisations, private equity, iwi and international trade. Cassandra chairs the Skills group Audit & Risk Committee.



Paula Scholes, Senior Scientist, The Institute of Environmental Science & Research Ltd

Paula has served on the Skills Board since 2014, after being nominated by the NZ Public Service Association (PSA) and Council Trade Unions (CTU). Prior to this, she was the President of the PSA from 2008-2012 (which is New Zealand's largest union and, during the period she was President, had an annual turnover of \$20 million). Paula is a senior scientist and laboratory manager with The Institute of Environmental Science & Research Ltd (ESR).



Tim Gibson, Director Port Otago Ltd, Miraka Ltd, Livestock Improvement Corporation Ltd, the Equanut Company Ltd

Tim has over 20 years' experience as a CEO and Senior Executive in New Zealand, the UK and Japan. He has particular strengths in exporting and international business, organisation design and performance, strategy development and implementation, and stakeholder and government relations. Tim is currently a director of Port Otago Limited, Miraka Limited, Livestock Improvement Corporation Limited and the Equanut Company Ltd.



Bridget O'Shannessey, Human Resources Consultant & Mediator, Bhuman Ltd

Bridget is a highly experienced human resource practitioner both nationally and internationally. She's worked with many leaders, leadership teams, company boards and remuneration committees in both the public and private sectors spanning a diverse range of industries.

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International Reach

Skills Consulting Group’s global footprint extends up from our Southern Hemisphere base through the Pacific Islands into Asia, the Middle East, Africa and North America. We’re proud of our deep APAC coverage, spanning territories from the Cook Islands to Papua New Guinea, and we’re always growing.

